

The Price of



PROGRESS

At first blush, the idea of an ophthalmic surgical drug costing nearly as much as the professional fee for cataract surgery seems unreasonable. I was surprised to discover, for example, the cost of Omidria (phenylephrine and ketorolac intraocular solution 1%/3%; Rayner) was nearly equivalent to the professional fee associated with cataract surgery and was initially adamant that I wouldn't use it. I struggled to reconcile the fact that a seemingly simple medication could be priced similarly to a relatively complex surgical procedure. I recall sitting on a panel and listening to Eric D. Donnenfeld, MD, describe the drug's usefulness. At the end of his talk, I voiced my ethical concerns regarding the medication's cost. Eric's response went something like this: "Don't worry. Because of its pass-through status, your patients aren't footing the bill, and neither are you or your ambulatory surgery center (ASC)." I countered quickly, "We're all taxpayers, so indeed our patients are paying, I'm paying, and so is our ASC." At the end of our conversation, I thought I had achieved a moral victory. My conclusions were somewhat premature, however, and my thoughts on pricing have since changed.

Another ophthalmic drug to achieve pass-through status recently is Iheezo (chloroprocaine hydrochloride ophthalmic gel 3%; Harrow Ophthalmics). This single-use, preservative-free, FDA-approved ocular anesthetic is designed for surface anesthesia during ocular surgery. The FDA studies demonstrated that supplemental treatment was not required to complete the procedure.¹

The introduction of a product such as Iheezo is timely given the increasing pressure on surgeons to provide an exceptional patient experience. Patient expectations are rapidly increasing, with demands for superior visual outcomes and comfort during procedures. It often seems as if patient demands are outpacing technological innovation. I am optimistic that Iheezo can help bridge the gap.

I found myself asking: Is it justifiable for a new ocular anesthetic to be priced similarly to Omidria? Since initially learning about the pricing of Omidria and other similar pass-through medications, my understanding has evolved. Diving deeper into the process of drug development and

pricing made me begin to appreciate their importance in sparking innovation within our field.

Medicare pass-through status designation is awarded to new medical technologies, drugs, and devices by the Centers for Medicare & Medicaid Services. It allows separate payment, outside of the typical reimbursement framework, for innovative treatments for a limited period of time. The intention behind the designation is to encourage the development and adoption of new medical technologies and treatments.

Pricing strategies are not determined solely by manufacturers. Instead, they are derived from a complex formula created by Medicare. Pass-through payments, moreover, are temporary—usually lasting 2 to 3 years. Thereafter, the device or drug is incorporated into the standard payment system for the procedure or service in which it is utilized.

Recognizing the challenges and expenses that companies face when introducing technology to the market, I have come to appreciate Medicare's role in this process. The pass-through system allows companies to recover their costs, thereby promoting the cycle of innovation. Over time, I've come to realize that, as taxpayers, patients and surgeons (and our ASCs) contribute to the pass-through fund. Given my penchant for eye care, I would prefer the fund be used to drive innovation in ophthalmology as opposed to other medical specialties. For our field to progress, we eye care providers must incorporate the newest products, including those made available through a system designed to foster innovation. ■

1. Food and Drug Administration. Full prescribing information for Iheezo. 2022. Accessed May 17, 2023. https://www.accessdata.fda.gov/drugsatfda_docs/label/2022/216227s000lbl.pdf

WILLIAM F. WILEY, MD | CHIEF MEDICAL EDITOR